

REMARKS

Claims 20-44 are pending. Claims 20, 22, 24, 26, 28, 33, 35, 37-42 and 44 have been amended. Claims 20, 22, 24, 26, 28, 33 and 35 are the independent claims.

Claims 20-44 were rejected under 35 U.S.C. § 103 over Togher et al. Applicants submit that the amended independent claims are patentable over Togher et al. for at least the following reasons.

The amended independent claims relate generally to a method and computerized trading system in which only prices indicated in price quotation messages that meets certain requirements of the credit filter are displayed to be traded. This provides the advantage that if a trader at a trader terminal can see a price, they know they are able to "hit" that price (namely, they can accept a bid or offer). The credit filtering arrangement includes determining a credit threshold *based on a volatility factor*. This is not disclosed in Togher nor would it be obvious to modify Togher for this purpose.

For example, amended independent claim 20 recites, inter alia, determining which pairs of credit granting entities are credit bearing counter-parties which extend bilateral credit to one another as a function of the unilateral credit information, the determination being made as a function of at least a respective assigned volatility factor for each of the different types of financial instruments, at least two of the assigned volatility factors being different from one another. The other amended independent claims recite a similar feature.

A disclosure of Togher relates to trading of foreign exchange. In such a system, the exchange rate at a given point in time is known and so the credit exposure in any trade is also known at that point in time.

The invention to which the independent claims are directed allows for trading of other financial instruments in which the precise credit exposure is not known at a given point in time. By including in the credit filtering a volatility factor, the current volatility of a financial instrument can be used as part of the credit filtering process, so as to provide a safer mechanism for establishing credit risk. Such a volatility factor is not required for financial instruments such as foreign exchange because, as explained above, the precise credit exposure is known at the point of trade.

The Examiner asserts that it would be obvious to modify Togher to evaluate other risks, such as the time to settlement of the trade. However, the time to settlement and the volatility factor, as now recited, are not the same thing. The time to settlement in foreign exchange does provide a risk as to whether or not the counterparties can settle at that date. This is not the same as the credit risk associated with whether the party should trade in the first place. Settlement risk for foreign exchange is a separate matter. In foreign exchange, there is no concept of a volatility factor as part of the assessment of whether or not to trade in the first place.

Togher does not teach or suggest the use of a volatility factor as recited in the amended independent claims. For at least this reason, the amended independent claims are believed clearly patentable over Togher.

Moreover, it is submitted that it would be impermissible hindsight to assert that it would be obvious to modify a system relating primarily to foreign exchange (which has no concept of risk *connected with volatility*) to provide a system capable of trading forward agreements. The two systems simply do not have the same considerations as explained above. For this additional reason, the independent claims are believed patentable over Togher.

Since each dependent claim is also deemed to define an additional aspect of the invention, however, the individual reconsideration of the patentability of each on its own merits is respectfully requested.

Since this amendment is believed to place this case in condition for allowance, its entry is believed proper under 37 C.F.R. 1.116. In any event, entry of this Amendment in Response to Final Office Action, as an earnest effort to advance prosecution and reduce the number of issues, is respectfully requested.

In view of the foregoing amendments and remarks, Applicants respectfully request favorable reconsideration and early passage to issue of the present application.

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Respectfully submitted,

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